

ITEL

September 8, 1988

RECORDATION #2

15823A

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

SEP 15 1988-3 03 PM

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Date 9/15/88
Fee \$ 13

ICC Washington, D. C.

Re: Schedule No. 1 to Master Lease No. 2227-00 dated September 1, 1988, among Itel Rail Corporation, Itel Railcar Corporation and Indiana Harbor Belt Railroad Company

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Schedule No. 1 under Master Lease No. 2227-00 dated September 1, 1988, among Itel Rail Corporation, Itel Railcar Corporation and Indiana Harbor Belt Railroad Company, which is being filed with the ICC simultaneously this date.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation and
Itel Railcar Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

Indiana Harbor Belt Railroad Company (Lessee)
2721-161st Street
Indianapolis, Indiana 46323

This Schedule adds to Master Lease No. 2227-00 ten (10) 46'8" gondolas bearing reporting marks IHB 1000-1009.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

patricia schumacker

Patricia Schumacker
Legal Department

1 5823/X
 RECORDATION NO. _____ FILED _____

SEP 15 1988 3 45 PM [LOT NO. 2227-01]

SCHEDULE INTERSTATE COMMERCE COMMISSION

THIS SCHEDULE No. 1 ("Schedule") to that certain Lease Agreement (the "Agreement"), made as of _____, 1988 between ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, severally, as lessors, and INDIANA HARBOR BELT RAILROAD, as lessee ("Lessee"), is made this ____ day of _____, 1988, between ITEL RAILCAR CORPORATION ("Lessor") and Lessee.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases to Lessee and Lessee agrees to accept the following Cars "as is," subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig	Description	Numbers	Length	Dimensions		Doors Width	No. of Cars
				Inside Width	Height		
GBSR	Gondola, Cushion underframe, Coil Steel	IHB 1000- 1009	46'8"	6'1"	5'4"	--	10

3. A. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the date such Car is remarked ("Delivery") and shall continue as to all of the Cars described in this Schedule for seven (7) years from the earlier of (i) the date on which the last Car described in this Schedule was remarked or (ii) sixty (60) days from the date the first Car described in this Schedule was delivered to Lessee's lines (the "Initial Term"). Upon the delivery of the final Car, Lessor shall provide Lessee with a Certificate of Delivery, in the form of Exhibit A attached hereto, including the Delivery date for each Car and the expiration date of the Agreement with respect to the Cars described in this Schedule. Unless Lessee, within fifteen (15) days of such notice, demonstrates to the satisfaction of Lessor that such date is incorrect, then Lessee shall be deemed to have concurred to such date.
- B. If (i) the Agreement has not been terminated early, (ii) no unremedied default has occurred and is continuing under the Agreement, and (iii) Lessee chooses not to exercise its purchase option provided in the Agreement, then at Lessee's option the Agreement shall be extended for three (3) consecutive periods of twelve (12) months each (each such period an "Extended Term") with

respect to all of the Cars described in this Schedule, provided that Lessor or Lessee may terminate the Agreement effective at the end of the Initial Term or any Extended Term as to some or all of the Cars described in this Schedule by providing not less than ninety (90) days' prior written notice to the other.

4. When a Car has been remarked, it shall be moved to Lessee's railroad line at no initial cost to Lessee at the earliest time that is consistent with the mutual convenience and economy of the parties. Lessee agrees to pay the rent set forth in the Agreement notwithstanding the fact that Lessee may not have immediate physical possession of the Cars leased hereunder.
5. Lessee, or a third party chosen by Lessee, shall perform the registration and record keeping required for the Cars described in this Schedule, as described in Section 4 of the Agreement. Lessee shall register each Car in UMLER [placing the letters designated by Lessor in "owner's" field] in such a manner that Lessor, or its agent, is allowed access to any required information including but not limited to Train 62 Junction Advices and the Train 65, 67, 71 and 80 Advices with regard to each Car. If Lessee fails to register or improperly registers any Car in UMLER, Lessee shall be responsible for an amount equal to the revenues that would have been earned by such Car had it been properly registered in UMLER. Subsection 4.D. of the Agreement shall not apply with respect to the Cars described in this Schedule.
6. Lessee shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule. Subsection 5.B. of the Agreement shall not apply with respect to such Cars.
7.
 - A. Lessee assumes responsibility for and agrees to pay, defend, hold harmless and indemnify Lessor and its successors against all taxes, fees, levies, imposts, duties or withholdings of any nature, together with penalties, fines or interest thereon, imposed on, incurred by, asserted against or imposed upon: (1) the Cars; (2) the lease, sublease or delivery of the Cars; and (3) the revenues earned by the Cars, including, but not limited to, mileage charges and/or car hire revenues earned during the Initial Term or any Extended Term of the Agreement; provided, however, that Lessee shall not be responsible for taxes on income imposed on Lessor while Cars are on Lessee's lines. Lessee will comply with all state and local laws requiring filing of ad valorem tax returns associated with the Cars.
 - B. Lessee shall, at all times during the term of the Agreement, maintain public liability insurance in respect of the Cars against such risks, in such amounts and on such terms and conditions as customarily insured against by Lessee in respect of similar equipment owned or leased by it, and comparable to such coverage maintained by other similar railroads. All policies with respect to such insurance shall name Lessor as additional named insured as their interests may appear and shall provide thirty (30) days' written notice to Lessor in the event of cancellation, expiration

or amendment. Notwithstanding the foregoing, Lessee shall have the option of self-insuring the risk normally provided by commercial insurers.

8. A.

during the Initial Term or any Extended Term. The Fixed Rent for any Car which is not subject to the Agreement for an entire Month

due and payable regardless of any claimed abatement, reduction or offset, except as otherwise provided herein. All car hire and mileage revenues shall accrue to the account of Lessee.

- B. Lessee shall pay to Lessor the Fixed Rent, and all taxes reimbursable to Lessor as additional rent hereunder, on the first day of each month during the Initial Term and any Extended Term.

9. A. Lessee agrees to defend, indemnify and hold Lessor harmless from any and all claims, liabilities, losses, damages, costs and expenses (including attorneys' fees) caused by, arising out of, or in connection with the Cars, including the use, possession, operation, maintenance and leasing of the Cars (collectively, "Damages"), except for any Damages which arise solely from Lessor's negligence.

- B. Lessor agrees to indemnify and hold Lessee harmless from any Damages which arise solely from Lessor's negligence.

- C. The indemnities and assumptions of liability contained in this Agreement shall survive the expiration or termination of the Agreement.

10. Upon the expiration or termination of the Agreement with respect to the Car(s) described in this Schedule and in the event Lessee chooses not to exercise its purchase option provided in the Agreement, if some or all of the Cars are to be delivered to Lessor at Lessee's railroad tracks, Lessee shall be responsible for any transportation costs incurred in moving such Cars to said tracks subsequent to the time of expiration of this Agreement as to the Cars. Lessee shall, at Lessor's option, provide up to one hundred twenty (120) days' free storage on its railroad tracks for any Car which is either on Lessee's railroad tracks at expiration or is subsequently returned to Lessee's railroad tracks. Said one hundred twenty (120) days shall run either from expiration or from the date such Car is returned to Lessee's railroad line subsequent to expiration, whichever date is later. If requested to do so by Lessor, Lessee shall, at Lessor's option, either move a remarked Car to an interchange point on Lessee's lines selected by Lessor or use its best efforts to load the remarked Car with freight and deliver it to a connecting carrier for shipment.

11. Lessee shall have the option, if not in default under the Agreement (including this Schedule) at the time Lessee exercises such option or at

anytime thereafter through the expiration of the Initial Term, to purchase all but not fewer than all of the Cars described in this Schedule upon the following terms and conditions: (a) Lessee shall exercise its purchase option described herein by providing Lessor written notice of such exercise not less than one hundred twenty (120) days prior to the end of the Initial Term; (b) Lessee shall pay Lessor the purchase price of three thousand five hundred dollars (\$3,500.00) per Car within thirty (30) days after the expiration of the Initial Term; (c) Lessee shall be responsible for and shall pay all sales or use tax accruing as the result of such sale; (d) Lessor shall execute and deliver to Lessee a bill of sale upon Lessee's payment of the purchase price for the Cars.

12. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
13. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

ITEL RAILCAR CORPORATION

By: 

Title: President

Date: September 1, 1988

INDIANA HARBOR BELT RAILROAD COMPANY

By: 

Title: General Manager

Date: August 25, 1988

EXHIBIT A

CERTIFICATE OF DELIVERY

Exhibit A to Schedule No. 1 dated as of _____ to Lease Agreement dated as of _____, by and between ITEL RAILCAR CORPORATION ("Lessor") and INDIANA HARBOR BELT RAILROAD COMPANY ("Lessee").

CAR REPORTING
MARKS AND NUMBER

DELIVERY DATE

IHB 1000
IHB 1001
IHB 1002
IHB 1003
IHB 1004
IHB 1005
IHB 1006
IHB 1007
IHB 1008
IHB 1009

The last day of the Initial Term for the above referenced Cars shall be

ITEL RAILCAR CORPORATION

By: _____

Title: _____

Date: _____

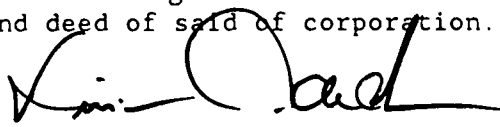
EXHIBIT B

Running Repairs: Gondolas

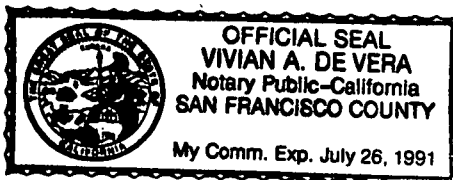
Angle Cocks	Wheels
Air Hose	Yoke
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plate Repair (Not Replacement of Center Plate)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	
Hand Brakes	
Brake Beams and Levers	
Truck Springs	

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 1st day of September, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Railcar Corporation, that the foregoing Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said of corporation.

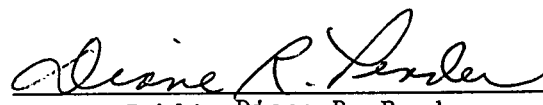


Notary Public



STATE OF INDIANA)
) ss:
COUNTY OF LAKE)

On this 25th day of August, 1988, before me personally appeared C.H. Allen, to me personally known, who being by me duly sworn says that such person is General Manager of Indiana Harbor Belt Railroad Company that the foregoing Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said of corporation.



Notary Public Diane R. Pender
Resident Lake County, Indiana
Commission expires 9/19/90